



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

March 24, 2022

- **SBI picks up 7.84% stake in ONDC:** State Bank of India (SBI) has invested ₹10 crore to pick up 7.84 per cent stake in Open Network for Digital Commerce (ONDC). ONDC, which was incorporated on December 30, 2021, is engaged in creating an open public digital infrastructure, SBI said in a regulatory filing on Tuesday. "The firm (ONDC) will develop and transform the Indian digital commerce ecosystem for both goods and services by increasing its reach to every individual and business enterprise, so as to increase the ease of doing business online and to expand alternatives for both buyers and sellers to engage in the digital commerce space," said the filing. ONDC is an initiative of the Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce and Industry. SBI said the bank and its subsidiaries, in the ordinary course of business, may have business dealings with ONDC at an arm's length.
<https://www.thehindubusinessline.com/money-and-banking/sbi-picks-up-784-stake-in-ondc/article65250385.ece>
- **Services may be hit as staff unions plan to go on strike on March 28, 29:** SBI: The country's largest lender State Bank of India on Tuesday said banking services may get impacted to an extent as various employees' unions have called for a two-day strike on March 28-29. SBI said it has been advised by the Indian Banks' Association (IBA) that All India Bank Employees' Association (AIBEA), Bank Employees Federation of India (BEFI) and All India Bank Officers' Association (AIBOA) have served a notice about their decision to go on a nationwide strike. The strike has been called to oppose the government's move to privatise public sector banks and the Banking Laws Amendment Bill 2021. "We advise that while the bank has made necessary arrangements to ensure normal functioning in its branches and offices on the days of strike, it is likely that work in our bank may be impacted to a limited extent, by the strike," SBI said in a regulatory filing.
<https://www.theweek.in/news/biz-tech/2022/03/23/services-may-be-hit-as-staff-unions-plan-to-go-on-strike-on-marc0.html#:~:text=The%20country's%20largest%20lender%20State,strike%20on%20March%2028%2D29.>
- **HDFC Ltd approves highest ever Rs 2 lakh crore home loans in FY22:** Mortgage lender HDFC Ltd., is said to have approved retail home loans totalling more than Rs 2 lakh crore in the current fiscal year, its highest ever in a financial year. Last year the lender had processed home loans worth Rs 1.55 lakh crore, registering a year-on-year growth of 30% as demand for homes surged. Low interest rates, stable property prices and state wise stamp duty sops have all aided growth in the housing finance segment. "In over four and half decades, I have not seen a better time for the housing sector than now due to lower interest rates, stable property prices, government's thrust on affordable housing, improved affordability, favorable demographics, increasing urbanisation and rising aspirations," said Renu Sud Karnad, Managing Director – HDFC Ltd. "The residential real estate segment will continue to see strong traction going forward as the demand for housing is not just pent up demand but it is a structural one."
<https://economictimes.indiatimes.com/industry/banking/finance/hdfc-ltd-approves-highest-ever-rs-2-lakh-crore-home-loans-in-fy22/articleshow/90391730.cms>



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- **Banks share in industrial credit plunges to 34% in FY21, says report:** Domestic banks' share in the overall commercial credit has plunged to a low of 34 per cent in FY2021 from 56 per cent in FY2011 partly due to the pandemic and more because companies are moving away from banks for funds, says a report. The share of non-banks in the commercial credit has more than doubled to 44 per cent while that of foreign banks' rose to 22 per cent in FY21, taking the total non-bank credit flow to two-thirds of the total, the report highlighted. Flow from domestic non-bank sources accounted for 44 per cent of total credit to the commercial sector in FY21, more than doubling from FY11, the report by BofA Global Research stated.
https://www.business-standard.com/article/finance/banks-share-in-industrial-credit-plunges-to-34-in-fy21-says-report-122032301200_1.html
- **Banks trim lending to students, fearing high defaults:** Bank lending to students shrank by almost 6 percent to Rs 63,000 crore in January 2022 from two years earlier, latest data from the Reserve Bank of India showed. The education loan portfolio of banks fell by 3.7 per cent between 2020 and 2021 and by another 2.4 per cent between 2021 and 2022, the RBI data showed. Education loans were a tad above Rs 67,000 crore in January 2020. However, the overall personal loan segment grew during this period – by 11.6 percent in January 2022 from a year earlier compared with 8.7 percent growth in the preceding year.
<https://www.moneycontrol.com/news/business/banks/banks-trim-lending-to-students-fearing-high-defaults-8265361.html>
- **FDI inflow to India declines to \$74.01 billion in 2021:** Total foreign direct investment (FDI) inflow to India declined to \$74.01 billion in the calendar year 2021, which is 15 per cent lower from \$87.55 billion recorded in the previous year, the Ministry of Commerce & Industry said on Wednesday. The FDI inflow includes equity inflow, equity capital of unincorporated bodies, re-invested earnings and other capital. "FDI is largely a matter of commercial business decisions and FDI inflow depends on a host of factors such as availability of natural resource, market size, infrastructure, political and general investment climate as well as macro-economic stability and investment decision of foreign investors. In calendar year 2021, the FDI inflow decreased by 15 per cent as compared to calendar year 2020," Minister of State in the Ministry of Commerce and Industry Som Parkash said in a written reply in the Lok Sabha.
<https://economictimes.indiatimes.com/news/economy/finance/fdi-inflow-to-india-declines-to-74-01-billion-in-2021/articleshow/90400950.cms>
- **Kotak, Axis acquire nearly 8% stake each in ONDC:** Kotak Mahindra Bank and Axis Bank have acquired 7.84 per cent stake each in the open public digital infrastructure framework entity ONDC. Both the banks have invested Rs 10 crore each in the entity. "Kotak Mahindra Bank has subscribed to 10,00,000 equity shares of Open Network for Digital Commerce (ONDC) for a consideration of Rs 10 crore, translating into an equity shareholding of 7.84 per cent in ONDC as on March 22, 2022," Kotak said in a regulatory filing on Wednesday. In a separate filing, Axis Bank said ONDC on March 22 allotted Axis Bank 10,00,000 equity shares of face value of Rs 100 each for a consideration of Rs 10 crore. Post allotment, the shareholding of the bank in ONDC is 7.84 per cent.
<https://bfsi.economictimes.indiatimes.com/news/banking/hdfc-bank-kotak-axis-acquire-nearly-8-stake-each-in-ondc/90409217#:~:text=Private%20sector%20lenders%20HDFC%20Bank,digital%20infrastructure%20framework%20entity%20ONDC.>
- **ICICI Bank partners with Chennai Super Kings for co-branded credit card:** ICICI Bank on Wednesday announced that it has launched a co-branded credit card in partnership with Chennai Super Kings (CSK), The 'Chennai Super Kings ICICI Bank Credit Card' has been designed with a range of privileges including joining and renewal gift of 2000 reward points that can be redeemed against CSK merchandise. It also offers complimentary tickets to CSK matches during the playing season. Credit card users will also get an opportunity to attend a practice session.



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“We are delighted to collaborate with CSK to introduce a co-branded credit card, which offers the CSK fans a bouquet of exclusive privileges from the iconic team and distinct banking benefits from ICICI Bank,” Sudipta Roy, Head – Unsecured Assets, ICICI Bank. “We are confident that this partnership will benefit our fans across the country and spread Yellove far and wide,” said KS Viswanathan, CEO, Chennai Super Kings Cricket Limited.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/icici-bank-partners-with-chennai-super-kings-for-co-branded-credit-card/articleshow/90398731.cms>

- **Indiabulls Housing Finance board approves fundraising proposal of up to ₹50,000 cr:** The board of Indiabulls Housing Finance has approved fund raising of up to ₹50,000 crore by the company through non-convertible debentures or bonds. “To enable the company to raise funds through issue of NCDs and/or bonds after July 28, 2022, the board constituted committee at its meeting held on March 22, 2022... has authorised the company to raise funds through issue of NCDs and/or bonds, in one or more tranches, on private placement basis up to the shareholders’ existing authorisation of ₹50,000 crore,” it said in a stock exchange filing on Wednesday.
<https://www.thehindubusinessline.com/money-and-banking/indiabulls-housing-finance-board-approves-fund-raising-proposal-of-up-to-50000-cr/article65249411.ece>
- **Paytm: Business fundamentals remain robust:** One 97 Communications, the parent of Paytm on Wednesday said the company’s business fundamentals remain robust. “The company would also like to point out the business fundamentals remain robust as demonstrated in our last earning release dated February 4, 2022,” it said in a stock exchange filing, adding that there is no information or announcement, which in its opinion may have a bearing on the price or volume behaviour in company’s scrip. Its comments come after the BSE sought clarification on the significant price movement of the company’s scrip. Paytm shares hit a fresh low of ₹541 apiece on BSE on March 22. It was trading at ₹542.3 apiece on BSE in Wednesday.
<https://www.thehindubusinessline.com/money-and-banking/paytm-business-fundamentals-remain-robust/article65251534.ece>
- **Suryoday Small Finance Bank to offer micro and 2-wheeler loans:** Suryoday Small Finance Bank (SSFB) sees its microfinance customers as potential cross-selling targets for micro housing loans, micro loans against property (LAP), and two-wheeler loans. The Navi Mumbai-headquartered bank, which has a customer base of about 18.5 lakh and gross advances of ₹4,872 crore (as at December-end 2021), plans to launch micro-LAP and two-wheeler loans in the next three months. It also plans to extend offers of micro housing loans — introduced about seven months back at 12 branches — to at least 200 branches next year (FY2023), said Baskar Babu R, MD and CEO.
<https://www.thehindubusinessline.com/money-and-banking/suryoday-small-finance-bank-to-offer-micr-and-2-wheeler-loans/article65251957.ece>
- **FedFina to decide on IPO timing in May:** FedBank Financial Services will take a call on the timing of its initial public offering (IPO) in May this year. “We hope to take a decision on when to list sometime in May,” said Anil Kothuri, Managing Director and CEO, Fedbank Financial Services (FedFina). In an interaction with BusinessLine, Kothuri said the company hopes to get approval from SEBI for its draft documents by mid-April. The year-end audited numbers would also be prepared by the end of April. “SEBI clearing our DRHP and year-end audit will take us to May 1,” Kothuri said, adding that the timing of the IPO will depend on the global environment and market sentiment following the Russian invasion of Ukraine.
<https://www.thehindubusinessline.com/money-and-banking/fedfina-to-decide-on-ipo-timing-in-may/article65251991.ece>
- **Banks’ investment committee should be accountable for related decisions: RBI:** The Reserve Bank of India (RBI) said the decision to make an investment in securities has to be taken by the investment committee set up by a bank’s board. Further, the committee shall be held accountable for the investments made by the bank, per the



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amendment to RBI's Master Direction — Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021. The central bank also said investment in category I and category II Alternative Investment Funds (AIFs), which includes Venture Capital Funds (VCFs), shall receive the same prudential treatment as applicable for investment in VCFs.

<https://www.thehindubusinessline.com/money-and-banking/banks-investment-committee-should-be-accountable-for-related-decisions-rbi/article65252967.ece>

- **Bank investments in AIFs to get same treatment as VCFs, says RBI:** Reserve Bank of India said on Wednesday that investments by commercial banks in Alternate Investment Funds (AIFs) category-I and II will get the same prudential treatment applicable to investment in Venture Capital Funds. RBI said it had received queries from banks on applicability of the prudential treatment for investment in VCFs to investment in AIFs. AIF means fund established or incorporated in India, a privately pooled investment vehicle, that collects funds from sophisticated investors (Indian or foreign). AIFs invest funds in line with a defined investment policy for the benefit of its investors.
https://www.business-standard.com/article/finance/bank-investments-in-aifs-to-get-same-treatment-as-vcfs-says-rbi-122032301218_1.html#:~:text=Reserve%20Bank%20of%20India%20said,investment%20in%20Venture%20Capital%20Funds.
- **'Let banks decide on haircut, valuation of insolvent firms':** Decisions on valuation of businesses undergoing bankruptcy proceedings, and the extent of haircuts taken while restructuring businesses should be left entirely to the creditors to ensure that resolutions under the Insolvency and Bankruptcy Code (IBC) remain a viable option, experts said. With the Centre working on another round of amendments to the IBC after a Parliamentary panel raised concerns over "unsustainable haircuts" by lenders and said the government must set a benchmark comparable to global standards, experts are of the view that preserving the commercial wisdom of lenders and tribunals in deciding bankruptcy cases will be key for the success of the IBC framework.
<https://www.livemint.com/industry/banking/let-banks-decide-on-haircut-valuation-of-insolvent-firms-11647971511443.html>
- **Gold loan non-banking finance companies' assets under management to rise 12-14% in FY23: Analysts:** The assets under management (AUM) of gold loan non-banking finance companies (NBFC) is expected to rise 12-14% in the financial year 2022-23, on the back of buoyancy in the gold prices and limited borrowing avenue for select customer segments. However, due to the increased competition from banks in the higher loan ticket segment, the loan growth of gold-focused NBFCs will likely stay muted in FY22. "With gold loan NBFCs also becoming conscious of the market demand at appropriate yields, the growth is expected to be higher in FY23," said Sanjay Agarwal, senior director, CareEdge.
<https://www.financialexpress.com/industry/banking-finance/gold-loan-non-banking-finance-companies-assets-under-management-to-rise-12-14-in-fy23-analysts/2468338/>
- **Industry found RBI's draft NUE framework premature, shows RTI response:** The payments industry had raised some issues with parts of the Reserve Bank of India's (RBI) draft framework on new umbrella entities (NUEs) for retail payments. While at least one organisation questioned the wisdom of licensing NUEs in the absence of a policy for licensing of new payment systems, quite a few players voiced their concerns over restricting control of NUEs to Indian residents. The stakeholder comments were received by the RBI in response to the draft framework for NUEs released in February 2020. FE accessed them through a Right to Information (RTI) query. The regulator shared the unredacted comments without disclosing the names of the entities they had come from.



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<https://www.financialexpress.com/industry/banking-finance/industry-found-rbis-draft-nue-framework-premature-shows-rti-response/2468587/>

- **AU Small Finance Bank ties up with Tata Motors for its passenger vehicles finance solutions:** AU Small Finance Bank on March 23 signed an agreement with Tata Motors to offer attractive finance schemes to customers on the company's New Forever range of passenger cars and utility vehicles. The scheme will not only offer maximum financing on the vehicle as per each customer's requirements but also provide them with the benefit of unique EMI options with a repayment tenor of up to seven years. AU Small Finance Bank has crafted a set of exclusive features for Tata Motors customers who would avail of the car finance option.
<https://www.livemint.com/companies/news/au-small-finance-bank-tata-motors-tie-up-for-passenger-vehicles-financing-11648110050187.html>
- **Kotak Mahindra Bank block deal launched, Canada Pension Fund to offload shares:** The block deal of Kotak Mahindra Bank has been launched wherein Canada Pension Fund, a stakeholder in the private lender, will sell shares tomorrow (March 24), as per media reports. The base deal size is 28 million shares, with an upside of 12 million shares, taking the cumulative total to 40 million, the report added. A discount of 0-5 percent on current market price is on the cards, it said. The seller, Canada Pension Fund, will offload 1.41 to 2.02 percent stake in Kotak Mahindra Bank at Rs 1,681.26-1,769.75 per share, the report said.
<https://www.moneycontrol.com/news/business/markets/kotak-mahindra-bank-block-deal-launched-canada-pension-fund-to-offload-shares-8266251.html>
- **Madras HC rejects plea against LIC disinvestment:** The Madras High Court has rejected a PIL plea challenging the amendments made in the Finance Act and LIC Act, which enabled the central government to disinvest its stakes in the Life Insurance Corporation of India. The first bench of Chief Justice M N Bhandari and Justice D Bharatha Chakravarthy was dismissing the petition from L Ponnammal, a policy-holder with the insurance behemoth who contended that the subject matter would not fall within the definition of Money Bill. The amendments were introduced by the Money Bill under Article 110 of the Constitution, though the same did not fall within the said category, she added.
<https://economictimes.indiatimes.com/news/india/hc-rejects-plea-against-disinvestment/articleshow/90392954.cms>
- **Sensex down 304 points at closing, Nifty ends below 17,300:** The BSE Sensex closed at 57,684.82, down 304.48 points or 0.53 per cent. It recorded an intraday high of 58,416.56 and a low of 57,568.59. The Nifty 50 closed at 17,245.65, down 69.85 points or 0.4 per cent. It recorded an intraday high of 17,442.40 and a low of 17,199.60. Divi's Lab, Hindalco, Tata Steel, Dr Reddy and UPL were the top gainers on the Nifty 50 while Kotak Bank, HDFC, Britannia, Bharti Airtel and Sun Pharma were the top laggards.
<https://www.thehindubusinessline.com/markets/sensex-down-304-points-at-closing-nifty-ends-below-17300/article65252129.ece>
- **Rupee surges 19 paise against US dollar in early trade:** The rupee advanced 19 paise to 75.99 against the US dollar in the opening trade on Wednesday, tracking emerging market peers amid broad dollar weakness. At the interbank foreign exchange, the rupee opened at 76.08 against the US dollar, and gained momentum to quote at 75.99, registering a jump of 19 paise from the previous close. On Tuesday, the rupee had settled flat at 76.18 against the American currency.
<https://www.thehindubusinessline.com/markets/forex/rupee-surges-19-paise-against-us-dollar-in-early-trade/article65251730.ece#:~:text=At%20the%20interbank%20foreign%20exchange,76.18%20against%20the%20American%20currency.>



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